



January 29, 2015

Dr. Karen Stout
President
Montgomery County Community College
340 DeKalb Pike
Blue Bell, Pennsylvania 19244

Sent via UPS
Tracking No.:
1ZA879640298607154

RE: **Final Program Review Determination**
OPE ID: 00445200
PRCN: 201220327780

Dear Dr. Stout:

The U.S. Department of Education's (Department's) School Participation Team – Philadelphia issued a program review report on March 22, 2012 covering Montgomery County Community College's (Montgomery County) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 award year. Montgomery County's final response was received on February 1, 2013. A copy of the program review report (and related attachments) and Montgomery County's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Montgomery County upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) notify Montgomery County of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding Montgomery County's failure to comply with the requirements of the Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations. Because this DFSCA finding will not result in the assessment of

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School Participation Division – Philadelphia
100 Penn Square East, Suite 511, Philadelphia, PA 19107
StudentAid.gov

financial liabilities, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about Montgomery County's appeal rights will be provided under separate cover.

The total liabilities due from the institution from this program review are \$11,912.04.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendix B, 2010-2011 Verification Statistical Sample also contains PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the March 22, 2012 program review report. If Montgomery County wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Montgomery County receives this FPRD. An original and four copies of the information Montgomery County submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

Montgomery County's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to Montgomery County's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).** rgrtrt

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(c)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Jean Brennan Rines at 215.656.6906. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Nancy Paula Gifford
Division Director

Enclosure:

Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Tracey L. Richards, Financial Aid Administrator
Middle States – Higher Education
Pennsylvania Department of Education

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

**Montgomery County
Community College**

Federal Student
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OPE ID: 00445200
PRCN: 201220327780

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia

Final Program Review Determination January 29, 2015

Philadelphia School Participation Division
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
StudentAid.gov

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A. Institutional Information

Montgomery County Community College
 340 DeKalb Pike
 Blue Bell, Pennsylvania 19422

Type: Public

Highest Level of Offering: Associates Degree

Accrediting Agency: Middle States – Higher Education

Current Student Enrollment: 14,896 (2011-2012)

% of Students Receiving Title IV, HEA funds: 36% (2011-2012)

Title IV, HEA Program Participation G5:

2010-2011 Award Year	
Federal Pell Grant	\$13,436,505
Federal Educational Supplemental Opportunity Grant (SEOG)	\$ 133,263
Federal William D. Ford Direct Loan Program (Direct)	\$22,844,172
Academic Competitiveness Grant (ACG)	\$ 206,111
Federal Work Study (FWS)	185,051

Default Rate FFEL/DL: 2009: 10.2%
 2008: 8.3%
 2007: 8.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Montgomery County Community College (Montgomery County) from January 24, 2012 to January 26, 2012. This review was conducted by Jean Brennan Rines and Nancy Della Vecchia.

A sample of 15 files was identified for review from the 2010-2011 award year. An additional 5 files were selected based on verification discrepancies; therefore, the total sample consisted of 20 files. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on March 22, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Montgomery County's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Montgomery County of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Montgomery County has taken the corrective actions necessary to resolve Finding #2 of the Program Review Report. Therefore, this finding may be considered closed. A copy of Montgomery County's written response to the Program Review is attached as Appendix C. Findings requiring further action by Montgomery County are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of Montgomery County's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on May 21, 2012 is attached as Appendix C.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 1: Verification Violations

Citation Summary: An institution must verify the information provided by student aid applicants for those applications that have been “selected” by the Central Processing System (CPS). 34 C.F.R. § 668.56 (a)(2010).

Noncompliance Summary: The institution failed to complete verification for four students prior to disbursing Title IV funds.

Required Action Summary: In order to determine whether Montgomery County properly verified its student applicant data, the Department required Montgomery County to conduct a file review of all students verified by the institution for the 2010-2011 award year.

The Department allows an institution to complete this full file review or to opt for completing a smaller sample, while agreeing that the results of that review will be used to project liabilities for the entire population.

Montgomery County’s Response: Montgomery County responded to the program review report on May 20, 2012.

Montgomery County selected the option of performing a file review for the remainder of the statistical sample not tested by the Department during the program review. The statistical sample consisted of 10 students reviewed by the Department during the on-site visit and 322 students reviewed by Montgomery County. A total of 332 students who were selected for verification by CPS during the 2010-2011 award year comprised the statistical sample.

In its file review, Montgomery County identified 17 out of 332 students for whom verification resulted in a change to the student’s Expected Family Contribution (EFC). The institution performed a new need analysis for these students. The new need analysis identified that the EFC: 1) did not result in a change of Title IV eligibility for 6 of the 17 students; and 2) resulted in a change of Title IV eligibility for 11 of the 17 students. Consequently, Montgomery County returned \$1,625.00 to the Federal Pell Grant Program and reclassified one Direct Loan from subsidized to unsubsidized. The institution provided documentation that the students’ accounts were updated and the Common Origination and Disbursement (COD) records were adjusted.

Montgomery County also reported that it developed a corrective action plan which includes the monitoring of the verification process by the Director of Financial Aid, annual training of staff, a secondary review by other staff members, a monthly random review by the Director and/or designated staff to check for accuracy; and the creation of a Verification Checklist.

Final Determination: The Department reviewed the documentation submitted by Montgomery County. Based on that documentation, the Department determined that Montgomery County failed to complete verification for 17 of the 332 students who comprised the statistical sample. As part of the file review, the institution completed verification for these students and processed a new needs analysis in order to determine the students' Title IV eligibility.

As a result of the new needs analysis, Montgomery County adjusted Title IV eligibility for 11 of the 17 students. The institution: 1) reclassified a Direct Subsidized Loan to a Direct Unsubsidized Loan for student #198; and 2) adjusted the Federal Pell Grant for the remaining 10 students as identified in the chart below:

Student No.	Original Federal Pell Grant Amount	Overaward	Underaward	Adjusted Federal Pell Grant Amount
98.	\$1,300.00	\$50.00		\$1,250.00
117.	\$2,675.00		\$100.00	\$2,775.00
140.	\$5,550.00	\$250.00		\$5,300.00
151.	\$1,600.00	\$200.00		\$1,400.00
189.	\$ 525.00	\$ 75.00		\$ 450.00
200.	\$1,016.00		\$50.00	\$1,066.00
214.	\$ 925.00		\$25.00	\$ 950.00
219.	\$4,500.00	\$200.00		\$4,300.00
224.	\$2,550.00	\$75.00		\$2,475.00
297.	\$2,775.00	\$775.00		\$2,000.00

Montgomery County adjusted both the students' billing records and COD records and returned funds through the G5 system. The Department verified that Title IV funds were returned or adjustments were made to the appropriate programs through G5 and COD.

The Department projected liabilities based on the results of a review of a valid statistical sample for the students completed by Montgomery County. An average liability was calculated for the statistical sample for each Title IV, HEA program with liabilities and this average was multiplied against the population being reviewed.

Montgomery County's response indicated that the total amount of Federal Pell Grant liabilities in the statistical sample for this finding was \$1,625.00. An average liability of \$4.89 was calculated by dividing \$1,625.00 by the number of students in the statistical sample (332). This average liability was then multiplied by the total number of students in the population (2,436) from which the statistical sample was derived. Therefore, the Federal Pell Grant Program projected liability amount for this finding that Montgomery County must pay to the Department is \$11,912.04.

Finding 3: Drug and Alcohol Abuse Prevention Program

Citation Summary: The Drug-Free Schools and Communities Act and the Department's regulations requires each participating institutions of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each IHE must provide the following information in writing to each student (enrolled for any type of academic credit except for continuing education units) and each employee:

- 1) The institution's standards of conduct prohibiting the possession, use, and distribution of alcohol and other drugs (AOD);
- 2) Possible sanctions for violations of Federal, state, and local drug and alcohol laws as well as sanctions for violation of institutional policies;
- 3) Health risks associated with the use of AOD;
- 4) Information on counseling, rehabilitation, and treatment programs; and
- 5) A clear statement that the IHE will impose sanctions on students and employees who violate alcohol and other drug laws, ordinances, and/or institutional policies.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its AOD program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies for violators. The biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. § 86.100.

Noncompliance Summary: The institution failed to include the following information in its Drug and Alcohol Abuse Prevention Program:

- Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
- A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a

description of those sanctions, up to and including expulsion or termination of employment and referral to prosecution.

Required Action Summary: Subsequent to the on-site visit, Montgomery County revised its Drug and Alcohol Abuse Prevention Program to include a description of (1) the health risks associated with the use of illicit drugs and the abuse of alcohol and (2) drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students. The document, however, lacked complete information in a number of required policy areas. The institution was notified on December 13, 2012 to resubmit its program review response for this finding.

Montgomery County's Response: Montgomery County initially responded to the program review report on May 21, 2012. The Department identified several areas of concern in the College's initial response and required Montgomery County to prepare a substantive response that specifically addressed the *DFSCA* violations. Montgomery County submitted its supplemental response on February 1, 2013.

In the February 1, 2013 response, Montgomery County provided a copy of its revised Drug and Alcohol Abuse Prevention Program (DAAPP). In addition, the College represented that it had strengthened its distribution procedures to ensure that program materials have been and will be provided to enrolled students and current employees in the required manner. In addition, Montgomery County submitted a revised version of Board of Trustees Policy 5.5 entitled "Drug and Alcohol Abuse Prevention" as amended on June 18, 2012. This version superseded an earlier version from May 2003. Montgomery County officials claimed that the DAAPP was enhanced and that the revised plan included a provision for the conduct of a biennial review; however, a definitive date for completion of the review was not provided. The College did state that its biennial review report would be available in Fall 2014.

Final Determination: Finding #3 of the program review report cited Montgomery County for multiple violations of the *DFSCA* and the Department's regulations. Specifically, the College failed to develop and implement a substantive DAAPP and as a result, also failed to distribute an annual disclosure that summarized the required components of the program. In addition, the Department determined that Montgomery County had persistently failed to conduct biennial reviews to evaluate the effectiveness of any drug and alcohol programming that was in place.

As a result of these violations, the College was required to review and revise its drug and alcohol policies to bring them into compliance with Federal requirements. In its initial response dated May 21, 2012, Montgomery County stated its concurrence with the finding and provided additional information about its DAAPP. The Department determined that the remedial actions taken thus far were inadequate and in a December 13, 2012 letter directed the College to submit a supplemental response that directly addressed the identified deficiencies. The Department's letter also directed the College

to finally conduct a biennial review and to submit a report of findings and recommendations to the review team. On February 1, 2013, Montgomery County submitted its second response. This response included a revised DAAPP that included all required information. In the supplemental response, the College claimed that it had developed a plan for conducting a biennial review but that a report of findings would not be available until Fall 2014.

The Department carefully examined Montgomery County's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed in the College's second response. Based on that review and the College's admission of noncompliance, the violations identified in the finding are sustained. The Department has also determined that Montgomery County's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the College's response and considers this finding to be closed conditionally, subject to satisfactory submission of the College's biennial review report no later than March 16, 2015. Nevertheless, the officials and directors of Montgomery County are put on notice that the College must take all necessary action to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the responses to the program review report and as may otherwise be needed to ensure that these violations do not recur.

To that end, Montgomery County must immediately initiate a substantive biennial review to measure the effectiveness of its DAAPP, to assess the consistency of its enforcement programs for students and employees, and to identify areas for improvement. Montgomery County's biennial review report must describe the research methods and data analysis tools that were used in the conduct of the review and do so with specificity. The official(s) who conducted the review must be identified clearly in the narrative. In addition, the biennial review report must indicate that it was presented to and accepted by the College's President and/or its Board of Trustees. Montgomery County's biennial review must be completed by February 28, 2015 and the biennial review report must be submitted via electronic mail to the attention of Ms. Jean Brennan Rines at jean.rines@ed.gov by March 16, 2015. The report also must be submitted via electronic mail to the Department's Clery Act Compliance Division at clery@ed.gov by March 16, 2015.

Although the finding is now conditionally closed, Montgomery County is reminded that the exceptions identified above constitute very serious and persistent violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. The College was required to take remedial action and in doing so, has begun to address the conditions that led to these violations. Montgomery County has stated that it has brought its overall drug and alcohol abuse program into compliance with the *DFSCA* as required by its Program Participation Agreement. While this is an important first step, Montgomery County officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to

maintaining a safe and healthy learning environment, especially in light of the fact that more than 90% of all violent campus crimes are drug and/or alcohol-related. The compliance failures documented by the Department deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. Montgomery County's failure to conduct a comprehensive biennial review also deprived the institution of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, the College is advised that its remedial actions, whether already taken or planned for the future, cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that Montgomery County re-examine its drug and alcohol policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the College's new DAAPP policies and procedures.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Liabilities	Federal Pell Grant (2010-2011)	
Finding 1	\$11,912.04	
Payable To:		Totals
Department	ED	\$11,912.04

E. Payment Instructions

Montgomery County owes to the Department \$11,912.04. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$11,912.04
DUNS: 069886679
TIN: 231670325
Program Review Control Number: 201220327780

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. Montgomery County is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Montgomery County's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, Montgomery County has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due Montgomery County from the Federal Government. Montgomery County **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Montgomery County must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

F. Appendices

Appendix A, Student Sample, and Appendix B, 2010-2011 Verification Statistical Sample, contains personally identifiable information and will be emailed to Montgomery County as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip files will be sent in a separate email.

Appendices A, B, C, D, E, F, and G are attached to this report.

APPENDIX C
PROGRAM REVIEW REPORT



START HERE
GO FURTHER
FEDERAL STUDENT AID™

Prepared for

**Montgomery County
Community College**

OPE ID: 00445200

PRCN: 201220327780

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team – Philadelphia

Program Review Report

March 22, 2012

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A. Institutional Information

Montgomery County Community College
340 DeKalb Pike
Blue Bell, PA 19422

Type: Public

Highest Level of Offering: Associates Degree

Accrediting Agency: Middle States – Higher Education

Current Student Enrollment: 14,896 (2011-2012)

% of Students Receiving Title IV: 36% (2011-2012)

Title IV Participation G5:

2010-2011 Award Year	
Federal Pell Grant	\$13,436,504.52
Federal Educational Supplemental Opportunity Grant (SEOG)	\$ 133,263.00
Federal William D. Ford Direct Loan Program (Direct)	\$22,844,172.00
Academic Competitiveness Grant (ACG)	\$ 206,111.00
Federal Work Study	\$ 185,051.00

Default Rate FFEL/DL: 2009: 10.2%
 2008: 8.3%
 2007: 8.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Montgomery County Community College (Montgomery County) from January 24, 2012 to January 26, 2012. The review was conducted by Ms. Jean Brennan Rines and Ms. Nancy Della Vecchia.

The focus of the review was to determine Montgomery County's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Montgomery County's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of 15 files was identified for review from the 2010-2011 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. In addition, 5 files were selected based on verification discrepancies. Appendix A identifies the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Montgomery County's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Montgomery County of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Montgomery County to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Verification Violations

Citation:

Federal regulations require that an institution must verify the information provided by student aid applicants for those applications that have been “selected” by the Central Processing System (CPS). The student’s Institutional Student Information Record (ISIR) indicates whether the application has been selected for verification. For applications selected by the CPS, the institution must verify five major data elements: household size, number enrolled in college, adjusted gross incomes (AGI), federal income tax paid, and certain untaxed income and benefits. 34 C.F.R. § 668.56 (a).

Noncompliance:

The institution failed to complete verification for four (4) students prior to disbursing Title IV funds.

For student #2, the household size reported on the Free Application for Federal Student Aid (FAFSA) was 3 in the family; however, the household size reported on the Independent Verification Worksheet was 2 in the family.

For student #5, the student’s file contained two (2) 2009 U.S. Individual Income Tax Returns: (1) a 2009 IRS Tax Return Transcript, which was missing page 2 of the 3 page document, and (2) a 2009 U.S. Individual Income Tax Return. Data elements between the two tax returns and the information reported on the FAFSA could not be verified. This information is as follows:

Line Item	2009 IRS Transcript	2009 U.S. Individual Income Tax Return	ISIR
Adjusted Gross Income (AGI)	Missing Page	\$17,629	\$24,000
U.S. Income Tax Paid	Missing Page	\$0	\$4,500
¹ Line Item 13 Unemployment Compensation	\$0	\$10,975	N/A

For student #15, data elements not verified were:

- (1) Household size reported on the FAFSA was 2 in the family; however, the household size reported on the Independent Verification Worksheet was 1 in the family.

¹ Line Item 13 on the U.S. Individual Income Tax Return is a data element that would not be reported on the FAFSA; however, the data element would have a direct impact on the calculation of the student’s Adjusted Gross Income.

- (2) Money Paid on the Student's Behalf reported on the FAFSA was \$0; Money Paid on the Student's Behalf reported on the Independent Verification Worksheet was \$10,000.

For student #20, Tax-Deferred Pension/Savings reported on the FAFSA was \$0; however, the IRA Deduction reported on Line Item 17 of the parent's 1040A U.S. Individual Income Tax Return was \$1,895.

The institution's failure to complete verification may cause the institution to disburse Title IV funds to ineligible students, creating an increased financial burden for the Department.

Required Action:

For students #2 and #20, Montgomery County corrected the verification elements and recalculated the EFC during the on-site visit. The EFC did not change and the students remained eligible for Title IV funds as originally packaged. No further action is required for these students.

For student #5, Montgomery County returned \$694 to the Federal Pell Grant Program subsequent to the on-site visit. The Department verified that the funds were returned on February 9, 2012. No further action is required for this student.

For student #15, Montgomery County returned \$2500 to the Federal Pell Grant Program subsequent to the on-site visit. The Department verified that the funds were returned on February 9, 2012. No further action is required for this student.

Montgomery County is required to perform a file review of all students verified during the 2010-2011 award year, including the recipients cited in this report. Montgomery County must conduct this review on a student by student basis in order to ensure that verification for each aid recipient was completed.

Results of this file review must be submitted in an Excel spreadsheet or similar format. The required format for submission of the results of the file review is included in Appendix B, including example data for several students noted in this finding. The institution must provide the spreadsheet in both hardcopy and electronic formats. The spreadsheet should include the following information.

1. Student Name;
2. Social Security Number;
3. Household Size: on ISIR and on Verification Worksheet;
4. Number in College: on ISIR and on Verification Worksheet;
5. AGI: on ISIR and U.S. Individual Income Tax Return;
6. Tax Paid: on ISIR and U.S. Individual Income Tax Return;

7. Untaxed Income or Benefits: on ISIR, U.S. Individual Income Tax Return, and Verification Worksheet;
8. Change in EFC: Yes or No; and
9. Change in Aid Package

In lieu of performing a file review for the entire population of students selected by CPS for verification to determine actual liabilities, Montgomery County has the option of performing this file review for only the remainder of the statistical sample not tested by the Department during the program review. The results from this file review using the statistical sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.

If Montgomery County wishes to select this option, please use the attached statistical sample listings for award year 2010-2011 (Appendix C) for Finding 1. File reviews must be performed for all students on the statistical sample listing except those included in Appendix A of this Program Review Report for the respective award year. If Montgomery County elects to do the full file review, the Department recommends that Montgomery County first review the remainder of the students in the statistical sample. At that point, Montgomery County may decide to accept liability projection instead of continuing with a full file review.

The File Review Spreadsheet will contain Personally Identifiable Information (PII). Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data /documents containing PII.

Instructions for the repayment of any determined liability will be provided in the Final Program Review Determination letter.

Finding 2: Student Credit Balance Deficiencies

Citation:

Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the credit balance has occurred. 34 C.F.R. § 668.164 (e).

Noncompliance:

The institution failed to issue a credit balance payment to student #17 within the 14 day regulatory timeframe. A Federal Pell Grant was posted to the student's account on February 25, 2011, which resulted in a credit balance of \$888.21. The institution did not issue a credit balance payment of \$888.21 to the student until April 12, 2011.

The institution's failure to return Title IV credit balances within the 14 day timeframe can result in financial harm and burden to students. Students are entitled to receive credit balance funds to pay for living expenses they incur while attending school.

Required Action:

The institution must review its policies and procedures to ensure that student credit balances are provided to students within 14 days. The institution is required to provide its updated credit balance return policy to the Department with its response to this program review report.

Finding 3: Drug and Alcohol Abuse Prevention

Citation:

The Drug-Free Schools and Communities Act and the Department's regulations requires each participating institutions of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each IHE must provide the following information in writing to each student (enrolled for any type of academic credit except for continuing education units) and each employee:

- 1) The institution's standards of conduct prohibiting the possession, use, and distribution of alcohol and other drugs (AOD);
- 2) Possible sanctions for violations of Federal, state, and local drug and alcohol and laws as well as sanctions for violation of institutional policies;
- 3) Health risks associated with the use of AOD;
- 4) Information on counseling, rehabilitation, and treatment programs; and
- 5) A clear statement that the IHE will impose sanctions on students and employees who violate alcohol and other drug laws, ordinances, and/or institutional policies.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its AOD program and to ensure consistent enforcement of applicable laws, ordinances, and

institutional policies for violators. The biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. § 86.100.

Noncompliance:

The institution failed to include the following information in its Drug and Alcohol Abuse Prevention Program:

- Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
- A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral to prosecution.

Required Action:

Subsequent to the on-site visit, Montgomery County revised its Drug and Alcohol Abuse Prevention Program to include a description of (1) the health risks associated with the use of illicit drugs and the abuse of alcohol and (2) drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students. The document, however, still lacks complete information in a number of required policy areas.

The institution must update its Drug and Alcohol Abuse Prevention to include:

- Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol; and
- A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral to prosecution.

The above listed required elements can be located in other institutional documents (i.e. Annual Safety Report, Student Code of Conduct, and Health & Safety's webpage); however, they are not included in the Drug and Alcohol Abuse Prevention Program document.

In addition, the Drug and Alcohol Abuse Prevention must be distributed to all employees and all students on an annual basis. The institution must report the frequency and the distribution method of the Drug and Alcohol Abuse Prevention Program to all employees and all students (i.e. if the Drug and Alcohol Abuse Prevention document is e-mailed, do all students and employees have an institutional account?).

E. Appendices

Appendix A (Student Sample) contains personally identifiable information and will be emailed to Montgomery County as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.